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ESO 945

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1981 SWINE REPORT, OHIO

by

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This report summarizes the 1981 records from 11 swine farms and 28 swine enterprises that participated in the Ohio Farm Business Analysis Program. The records were selected from over 350 participants because of their completeness and accuracy. A more detailed summary of these farms is given in the Swine Summary (Extension No. MM 355, ESO No. 908).

Table 1, on the back of this page, gives an overall view of the hog business in Ohio, in terms of overall hog farms and hog enterprises. The enterprise data also contains data from similar reports in the Illinois farm business analysis program. The table can be used as a comparison to individual farms to help evaluate performance in 1981 and over the past 5 years.

Highlights from Table 1 show that net farm income for Ohio hog farms fell dramatically in 1981. Although gross farm income did rise in 1981, it did not rise nearly as much as total expenses rose. Increases in both variable and overhead costs led to the drop in net farm income.

Figure 1 illustrates the trends of gross, net farm, and net cash income from 1973 to 1981. The figure clearly presents the widening gap between gross farm income and net farm income i.e., the narrowing margin of gross income that is profit.

Figure 2 is taken from farrow-to-finish enterprise summaries from the last 8 years. It also shows a narrowing gap between expenses and value of production, to the point where total expenses are higher than the value of pork produced.

The results of the 1981 summaries helped affirm long term trends of narrowing profit margins in the pork industry. These trends suggest that only those good managers who combine volume with cost control can expect to succeed in the hog business in the future.

FIGURE 1 - SELECTED INCOME MEASURES
OHIO SWINE FARMS, FBA, 1973-81

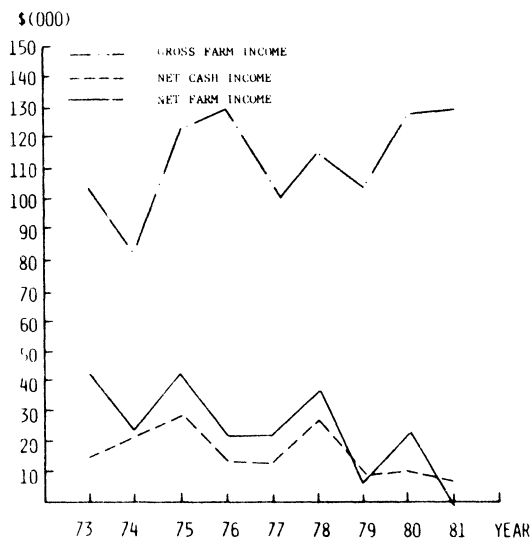


FIGURE 2 - PORK PRODUCTION COSTS & REVENUES PER CWT.
OHIO FARROW-TO-FINISH ENTERPRISES, 1973-81

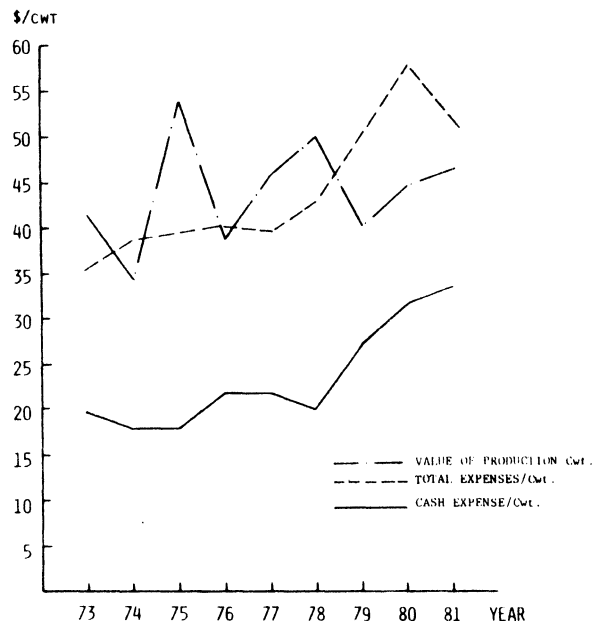


TABLE 1 -- SWINE SUMMARY REPORT
OHIO FARM BUSINESS ANALYSIS

	1981 AVERAGE	1980 AVERAGE	1979 AVERAGE	1978 AVERAGE	1977 AVERAGE		
INCOME							
CASH RECEIPTS	\$ 147,835	112,169	96,421	99,890	84,886		
CAPITAL GAINS & LOSSES	\$ 7,828	4,439	6,889	3,178	2,984		
INVENTORY CHANGES	\$ -828	28,291	3,566	15,725	14,541		
- FEEDER LIVESTOCK	\$ -25,737	-9,964	-2,747	-2,666	-1,385		
GROSS FARM INCOME	\$ 128,290	126,935	183,869	115,327	100,946		
EXPENSES							
CASH EXPENSES	\$ 139,944	188,182	85,887	71,636	71,848		
DEPRECIATION	\$ 14,799	18,735	12,121	11,817	7,858		
INTEREST NOT CHARGED	\$ 24,868	17,384	18,495	18,889	9,581		
UNPAID OPERATOR & FAMILY LABOR	\$ 11,894	12,648	11,358	9,243	10,415		
- FEEDER LIVESTOCK	\$ -25,737	-9,964	-2,747	-2,666	-1,385		
TOTAL FARM EXPENSES	\$ 164,968	138,897	116,234	99,319	97,589		
MANAGEMENT INCOME AND PROFIT	\$ -36,678	-3,962	-13,165	16,888	3,357		
UNPAID OPERATOR AND FAMILY LABOR	\$ 11,894	12,648	11,358	9,243	10,415		
OVERHEAD COSTS	\$ 64,784	51,868	46,567	35,845	29,139		
VARIABLE COSTS	\$ 88,370	67,189	58,389	54,231	58,838		
NET CASH INCOME	\$ 7,891	11,987	11,234	27,454	13,766		
NET FARM INCOME	\$ -716	25,982	8,688	35,340	23,353		
INVESTMENT							
TOTAL	\$ 438,158	343,982	344,358	258,963	228,486		
RETURN TO INVESTMENT	\$ 2,836	26,989	12,622	35,438	19,886		
PERCENT RETURN TO INVESTMENT	% 0.5	7.8	3.7	13.7	9.8		
GROSS INCOME PER \$1,000 INVESTED	\$ 298	369	299	445	458		
UNPAID LABOR & MANAGEMENT INCOME							
TOTAL	\$ -24,784	8,687	-1,887	25,251	13,772		
PER HOUR	\$ -9.35	2.93	-67	9.22	4.53		
NUMBER OF FARMS	11	13	14	17	16		
ENTERPRISE DATA							
AVERAGES FOR 1981		FARROW-TO-FINISH		FEEDER PIGS ONLY		FINISHING ONLY	
		ILLINOIS DATA	OHIO DATA	ILLINOIS DATA	OHIO DATA	ILLINOIS DATA	OHIO DATA
POUNDS OF PORK PRODUCED		252,447	281,128	76,191	74,991	151,995	182,989
TOTAL RETURNS	\$	183,259	93,176	52,342	48,888	48,631	63,556
VALUE OF FEED FED	\$	74,358	63,654	29,947	26,883	42,113	48,782
RETURN/\$100 FEED FED	\$	138	146	174	149	115	138
FARROWING EFFICIENCY							
PIGS WEANED/LITTER	NO.	7.38	7.98	7.59	6.78	---	---
PIGS WEANED/FEMALE YEAR	NO.	12.89	18.57	13.48	9.14	---	---
PER CNT. INFORMATION							
WEIGHT/HOG SOLD	\$	248	225	43	43	238	221
PRICE/CNT.	\$	42.78	45.39	84.44	65.17	43.92	45.69
TOTAL RETURNS/CNT. PRODUCED	\$	48.98	46.33	68.69	53.35	32.88	34.75
FEED COST/CNT. PRODUCED	\$	29.45	31.65	39.31	35.74	27.71	26.67
RETURN - FEED/CNT. PRODUCED	\$	11.45	14.68	29.38	17.61	4.29	8.88
TOTAL INVESTMENT/CNT. PRODUCED	\$	N/A	66.72	N/A	78.24	N/A	38.63
NUMBER OF FARMS	NO.	828	12	26	9	161	7